



25 June 2013

Dear Member of the European Parliament,

I am writing to you in view of the upcoming Plenary vote on the Groote Report on backloading for the EU Emission Trading Scheme (EU ETS).

BUSINESSEUROPE and its members are opposed to backloading because it would contribute to raising EU energy prices during a period of economic crisis and interfere in a market-based system reducing predictability for industry and investor's faith in the market.

It is worth recalling that the EU ETS system is functioning and sectors covered by the scheme are on track to reduce emissions by 21 % by 2020 as laid down in the ETS Directive.

More importantly, backloading would fail to address the substantial shortcomings of the current climate and energy framework. This has been recognised by the European Parliament when rejecting the Commission's proposal on 16 April 2013. A second plenary vote unnecessarily extends an already divisive debate while much more important issues need to be discussed.

BUSINESSEUROPE believes that the most effective way of restoring confidence in the EU ETS is to set a realistic 2030 emission reduction target in consultation with all stakeholders. Such a long-term target would strengthen the ETS as the main instrument to reduce emissions for industry and other covered sectors and promote investments in low carbon technologies. A long-term target should be discussed in the broader context of the future climate and energy policy framework for 2030.

Our policy recommendations for the 2030 framework are outlined in detail in the annexed BUSINESSEUROPE's new policy paper "A competitive EU energy and climate policy", which has been presented to the media today.

**BUSINESSEUROPE acknowledges recent proposals aiming to reduce the negative impact of backloading and provide viable solutions for industry. After consideration, we still believe that this measure would NOT improve the functioning of the EU ETS and therefore we call on you to reject backloading in the upcoming vote.**

I thank you in advance for taking our views into consideration. Should you have any questions or comments, please do not hesitate to contact us.

Yours sincerely,

Markus J. Beyrer